

Exhibit 1

Insurance Contract

Home-Owners

Page 1

17560 (10-09)
Issued 02-04-2010INSURANCE COMPANY
6101 ANACAPRI BLVD., LANSING, MI 48917-3999HOMEOWNERS POLICY DECLARATIONS
A+ GROUP PROGRAM
Renewal Effective 03-13-2010AGENCY MARVIN OKUN AGENCY INC
01-0666-00 Mkt Terr 002 (269) 349-9603

POLICY NUMBER 47-159-517-00

INSURED RON & KATHLEEN MOFFIT

Company Use 16-95-MI-0703

ADDRESS 68298 52ND ST
LAWRENCE MI 49064-8747

Company Bill	POLICY TERM	
	12:01 a.m.	12:01 a.m.
	to	
	03-13-2010	03-13-2011

In consideration of payment of the premium shown below, this policy is renewed. Please attach this
Declarations and attachments to your policy. If you have any questions, please consult with your agent.

	TERM
TOTAL POLICY PREMIUM	\$2,231.90
PAID IN FULL DISCOUNT	-111.59
TOTAL POLICY PREMIUM IF PAID IN FULL	\$2,120.31

The Paid In Full Discount is based on favorable loss experience for the collective group
of policyholders who choose to pay their premiums in full directly to the company.

LOCATION 001

PREMIER HOMEOWNERS POLICY FORM 3

Location: 68298 52ND ST LAWRENCE MI 49064-8747

PROPERTY AND PERSONAL LIABILITY PROTECTION COVERAGES	LIMITS	PREMIUM
A Dwelling	\$262,000	Included
B Other Structures	26,200	Included
C Personal Property	131,000	Included
D Additional Living Expense and Loss of Rents	52,400	Included
E Personal Liability (each occurrence)	500,000	Included
F Medical Payments (each person)	5,000	Included

Section I Deductible
\$500 - All Peril Deductible

COVERAGES INCLUDED IN YOUR POLICY

Property Coverage Limitation for Fungi, Wet Rot, Dry Rot and Bacteria resulting from a covered cause of loss	26,200	Included
Credit and Fund Transfer Card Coverage	1,000	Included
Loss Assessment Coverage	2,500	Included
Fire Department Charges	500	Included

ADDITIONAL COVERAGES THAT APPLY

Identity Theft Expense Coverage (\$250 Deductible)	\$15,000
TOTAL PREMIUM BEFORE ADJUSTMENTS	\$2,374.00

PREMIUM ADJUSTMENTS THAT APPLY

Section I Deductible
\$500 - All Peril Deductible
Mature Homeowner Discount - Policy Term Age 70
Age of Construction Discount
Protective Devices Discount
Paid In Full Discount is available
Roof Discount
Insurance Score

TOTAL ADJUSTMENTS \$1,549.57-

HOME-OWNERS INS. CO.

AGENCY MARVIN OKUN AGENCY INC
01-0666-00 Mkt Terr 002Company POLICY NUMBER 47-159-517-00
Bill Company Use 16-95-MI-0703

INSURED RON & KATHLEEN MOFFIT

Term 03-13-2010 to 03-13-2011

RATING INFORMATIONConstruction: Masonry
Families: 1
Territory: 88
Occupancy: Primary
Year Built: 2006
Roof Year: 2006Rated Protection Class: 8A
Hydrant: Over 1,000 Feet
Fire Dept: Within 5 Miles
Location: Outside City Limits
Responding Fire Dept:
LAWRENCE TS
No Solid Fuel Heating and No Fireplace100% Rates Apply
County: 80
Van Buren
Roof Material:
ASPHALT
Insurance Score: X778FORMS THAT APPLY TO THIS LOCATION: 17903 (02-96) 17046 (10-05) 57006 (03-07)
17594 (02-05)

SECURED INTERESTED PARTIES: None

TOTAL LOCATION 001 PREMIUM \$824.43

LOCATION 002**PREMIER HOMEOWNERS POLICY FORM 3**

Location: 68490 52ND ST LAWRENCE MI 49064-8747

PROPERTY AND PERSONAL LIABILITY PROTECTION COVERAGES	LIMITS	PREMIUM
A Dwelling	\$105,000	Included
B Other Structures	10,500	Included
C Personal Property	72,500	Included
D Additional Living Expense and Loss of Rents	21,000	Included
E Personal Liability (each occurrence)	500,000	Included
F Medical Payments (each person)	5,000	Included

Section I Deductible
\$500 - All Peril Deductible**COVERAGES INCLUDED IN YOUR POLICY**

Property Coverage Limitation for Fungi, Wet Rot, Dry Rot and Bacteria resulting from a covered cause of loss	\$10,500	Included
Loss Assessment Coverage	2,500	Included
Fire Department Charges	500	Included

ADDITIONAL COVERAGES THAT APPLY

Increased Cost Endorsement

TOTAL PREMIUM BEFORE ADJUSTMENTS

\$1,113.30

PREMIUM ADJUSTMENTS THAT APPLYSection I Deductible
\$500 - All Peril DeductibleMature Homeowner Discount - Policy Term Age 70
Age of Construction Surcharge
Secondary Home Discount
Additional Location Liability Discount
Protective Devices Discount
Roof Discount
Insurance Score

TOTAL ADJUSTMENTS

\$659.73-

Home-Owners

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17560 (10-09)
Issued 02-04-2010

INSURANCE COMPANY
6101 ANACAPRI BLVD., LANSING, MI 48917-3999

HOMEOWNERS POLICY DECLARATIONS
A+ GROUP PROGRAM
Renewal Effective 03-13-2010

AGENCY MARVIN OKUN AGENCY INC
01-0666-00 Mkt Terr 002 (269) 349-9603

POLICY NUMBER 47-159-517-00

INSURED RON & KATHLEEN MOFFIT

Company Use 16-95-MI-0703

ADDRESS 68298 52ND ST
LAWRENCE MI 49064-8747

Company
Bill

POLICY TERM	
12:01 a.m.	12:01 a.m.
to	
03-13-2010	03-13-2011

In consideration of payment of the premium shown below, this policy is renewed. Please attach this
Declarations and attachments to your policy. If you have any questions, please consult with your agent.

RATING INFORMATION

Construction:	Rated Protection Class: 8A	100% Rates Apply
Prefab/Manufactured	Hydrant: Over 1,000 Feet	County: 80
Families: 1	Fire Dept: Within 5 Miles	Van Buren
Territory: 88	Location: Outside City Limits	Roof Material:
Occupancy: Secondary	Responding Fire Dept:	ASPHALT
Year Built: 1977	LAWRENCE	Insurance Score: X778
Roof Year: 2005	No Solid Fuel Heating and No Fireplace	

FORMS THAT APPLY TO THIS LOCATION: 17903 (02-96) 17046 (10-05) 57006 (03-07)
17513 (02-98) 17594 (02-05)

SECURED INTERESTED PARTIES: None

TOTAL LOCATION 002 PREMIUM \$453.57

LOCATION 003

PREMIER HOMEOWNERS POLICY FORM 3

Location: 68241 52ND ST LAWRENCE MI 49064-8747

PROPERTY AND PERSONAL LIABILITY PROTECTION COVERAGES	LIMITS	PREMIUM
A Dwelling	\$209,500	Included
B Other Structures	20,950	Included
C Personal Property	146,650	Included
D Additional Living Expense and Loss of Rents	41,900	Included
E Personal Liability (each occurrence)	500,000	Included
F Medical Payments (each person)	5,000	Included

Section I Deductible
\$1,000 - All Peril Deductible

COVERAGES INCLUDED IN YOUR POLICY

Ordinance Or Law Coverage	20,950	Included
Property Coverage Limitation for Fungi, Wet Rot, Dry Rot and Bacteria resulting from a covered cause of loss	20,950	Included
Loss Assessment Coverage	2,500	Included
Fire Department Charges	500	Included

HOME-OWNERS INS. CO.

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17560 (10-09)
Issued 02-04-2010

AGENCY MARVIN OKUN AGENCY INC
01-0666-00 Mkt Terr 002

Company POLICY NUMBER 47-159-517-00
Bill Company Use 16-95-MI-0703

INSURED RON & KATHLEEN MOFFIT

Term 03-13-2010 to 03-13-2011

ADDITIONAL COVERAGES THAT APPLY

Personal Property Replacement Cost
Homeowners Plus
Mortgage Extra Expense Coverage
\$1,000 Deductible Applies
Refrigerated Products Coverage
\$50 Deductible Applies
Glass Breakage
\$250 Deductible Applies
Water Back-Up Of Sewers Or Drains \$5,000
\$250 Deductible Applies
Guaranteed Home Replacement Cost

TOTAL PREMIUM BEFORE ADJUSTMENTS \$2,418.86

PREMIUM ADJUSTMENTS THAT APPLY

Section I Deductible
\$1,000 - All Peril Deductible
Mature Homeowner Discount - Policy Term Age 70
Age of Construction Surcharge
Secondary Home Discount
Additional Location Liability Discount
Protective Devices Discount
Insurance Score

TOTAL ADJUSTMENTS \$1,464.96-

RATING INFORMATION

Construction: Frame	Rated Protection Class: 8A	100% Rates Apply
Families: 1	Hydrant: Over 1,000 Feet	County: 80
Territory: 88	Fire Dept: Within 5 Miles	Van Buren
Occupancy: Secondary	Location: Outside City Limits	Roof Material:
Year Built: 1980	Responding Fire Dept:	ASPHALT
	LAWRENCE	Insurance Score: X778
	No Solid Fuel Heating and No Fireplace	

FORMS THAT APPLY TO THIS LOCATION: 17903 (02-96) 17046 (10-05) 57006 (03-07)
17618 (02-96) 17079 (06-08) 17662 (02-96) 17594 (02-05)

SECURED INTERESTED PARTIES: None

TOTAL LOCATION 003 PREMIUM \$953.90

FORMS THAT APPLY TO ALL LOCATIONS: 17867 (12-04) 17367 (02-96) 57023 (02-07)
17363 (02-96) 17761 (06-05) 17447 (03-97)

Discount Applies For Affiliation With: MATURE HOMEOWNERS GROUP

TOTAL POLICY PREMIUM \$2,231.90

Michigan
AMENDATORY ENDORSEMENT
Homeowners Policy - Form 3

It is agreed:

1. Under **DEFINITIONS**, definition 17. is deleted and replaced by the following.
 17. **You** or **your** means the first named insured shown in the Declarations and if an individual, **your** spouse who resides in the same household. **Your** spouse shall be considered a resident of **your** household when:
 - a. there is a legitimate marital covenant;
 - b. **you** and **your** spouse share economic and noneconomic burdens; and
 - c. there are legitimate reasons for **your** spouse to be living in another home or location.
2. **SECTION I - PROPERTY PROTECTION** is amended as follows.
 - a. Under **EXCLUSIONS**:
 - (1) The following exclusion wherever it appears in this policy is deleted.

An action by or at the direction of any **insured** committed with the intent to cause a loss.
 - (2) The following exclusion replaces the preceding exclusion wherever it appeared in this policy.

An action by or at the direction of any **insured** committed with the intent to cause a loss. This exclusion does not apply to an **insured** who did not cooperate in or contribute to the creation of any intentional loss by fire. **We** will cover such **insured** only to the extent of that **insured's** legal interest in the covered property, but not in excess of the applicable limit of insurance, less any payments **we** make to any mortgagee.
 - b. **CONDITIONS** is amended as follows.
 - (1) Under c. **APPRAISAL**.
 - (a) The following sentence is deleted.

If the appraisers are unable to agree upon an umpire within 15 days, **you** or **we** can ask a judge of a court of record in the state where the **residence premises** is located to select an umpire.
 - (b) The following sentence replaces the sentence deleted in (1) immediately above.

If the appraisers are unable to agree upon an umpire within 15 days, **you** or **we** may ask a judge of the circuit court for the county where the **residence premises** is located to select an umpire.
 - (2) **OUR PAYMENT OF LOSS** is deleted and replaced by the following.
 - f. **OUR PAYMENT OF LOSS**

We will adjust any loss with **you** and pay **you** unless another payee is named in the policy. **We** will pay within 30 days after **we** receive **your** proof of loss and all other requested documents and the amount of loss is finally determined by an agreement between **you** and **us**, a court judgment or an appraisal award.
 - (3) **SUIT AGAINST US** is deleted and replaced by the following.
 - g. **SUIT AGAINST US**

We may not be sued unless there is full compliance with all the terms of this policy. **Suit** must be brought within one year after the loss or damage occurs. The time for commencing a **suit** is tolled from the time **you** notify **us** of the loss or damage until **we** formally deny liability for the claim.
3. **SECTION II - PERSONAL LIABILITY PROTECTION** is amended as follows.
 - a. Under **CONDITIONS**, **SUIT AGAINST US** is deleted and replaced by the following.
 - b. **SUIT AGAINST US**

We may not be sued unless there is full compliance with all the terms of this policy. **We** may not be sued under Coverage E - Personal Liability until the obligation of any **insured** to pay is finally determined either by:
 - a. judgment against that person after actual trial; or
 - b. written agreement of the person, the claimant and **us**.If no agreement can be reached, such **insured** may file **suit** against **us** within the applicable statute of limitations in the state in which the accident occurred in order to have the dispute settled by a court having jurisdiction. No one shall have any right to make **us** a party to a **suit** to determine the liability of any **insured**.
 - b. Under **CONDITIONS**, **OTHER INSURANCE - PERSONAL LIABILITY COVERAGE** is deleted and replaced by the following.
 - d. **OTHER INSURANCE - PERSONAL LIABILITY COVERAGE**

If there is other valid and collectible liability insurance, **we** will pay **our** share of the loss. **Our** share will be the ratio of the amount of this insurance to the total amount of all valid and collectible liability insurance. However,

any insurance we provide for aircraft, motor vehicles, recreational vehicles and watercraft shall be excess over any other liability insurance except other liability insurance which is specifically written as excess insurance over this policy.

4. **WHAT TO DO IN CASE OF LOSS** is amended by deleting and replacing **PERSONAL LIABILITY PROTECTION** with the following:

2. PERSONAL LIABILITY PROTECTION

In the event of **bodily injury, property damage or personal injury**, the insured must:

- a. notify us or our agency as soon as possible. The notice must give:
 - (1) your name and policy number;
 - (2) the time, place and circumstances of the **occurrence or incident**; and
 - (3) the names and addresses of injured persons and witnesses;
- b. promptly send us any legal papers received relating to any claim or suit;
- c. cooperate with us and assist us in any matter relating to a claim or suit; and
- d. if a loss covered under Damage to Property of Others occurs, send us sworn proof of loss, within 60 days of the **occurrence**. You shall also exhibit the damaged property if within your control.

Notice given by or on behalf of the insured to any of our authorized agents, with particulars sufficient to identify the insured shall be deemed to be notice to us.

Failure to give any notice required to be given by the policy within the time specified shall not invalidate any claim made by you if it shall be shown not to have been reasonably possible to give such notice within the prescribed time and that notice was given as soon as was reasonably possible.

An insured will not, except at his or her own cost, voluntarily make any payment, assume any obligation or incur any expenses at the time of the **occurrence or incident**. Expenses covered by **ADDITIONAL COVERAGE, c. First Aid Expenses** may be incurred by an insured.

5. **GENERAL POLICY CONDITIONS** is amended as follows.

- a. **ASSIGNMENTS** is deleted and replaced by the following.

1. ASSIGNMENTS

Interest in this policy may not be transferred without our written consent. If you die, the policy will cover:

- a. any surviving member of your household who was covered under this policy at the time of your death, but only while a resident of the **Insured premises**. Your spouse shall be considered a resident of your household when there is a legitimate marital covenant, shared economic and noneconomic burdens and legitimate reasons for your spouse to be staying at another home or location;
 - b. your legal representative while acting in that capacity; and
 - c. any person having proper custody of covered property until a legal representative is appointed.
- b. **CONCEALMENT OR FRAUD** is deleted and replaced by the following.

2. CONCEALMENT OR FRAUD

- a. With respect to loss caused by the peril of fire, we do not provide any coverage to the insured who:
 - (1) intentionally concealed or misrepresented any material fact or circumstance;
 - (2) engaged in fraudulent conduct; or
 - (3) made false statements relating to this insurance.
 - b. With respect to loss caused by a peril other than fire, this entire policy is void if, whether before, during or after a loss, any insured has:
 - (1) intentionally concealed or misrepresented any material fact or circumstance;
 - (2) engaged in fraudulent conduct; or
 - (3) made false statements relating to this insurance.
- c. **OUR RIGHT TO RECOVER PAYMENT** is deleted and replaced by the following.

5. OUR RIGHT TO RECOVER PAYMENT

After making payment under this policy, we will have the right to recover to the extent of our payment from anyone held responsible. The right to recover includes contractual as well as tort rights of action to the extent of the loss. An action may be brought by you, by us or by both you and us jointly to recover our respective portion of the loss. This right will not apply under **SECTION I - PROPERTY PROTECTION** if you have waived it in writing prior to loss. You will do whatever is required to transfer this right to us. This condition does not apply under **SECTION II - PERSONAL LIABILITY PROTECTION** to Medical Payments to Others or Damage to Property of Others.

All other policy terms and conditions apply.

HOMEOWNERS PLUS

Homeowners Policy - Form 3

It is agreed:

1. MORTGAGE EXTRA EXPENSE COVERAGE

In the event of a covered loss to **your** dwelling insured under Coverage A - Dwelling, for which we have paid or have agreed to pay an amount equal to the limit of insurance stated in the Declarations for Coverage A - Dwelling, we will reimburse **you** for the following costs and expenses to repair or replace **your** dwelling provided they are incurred within 120 days after the date of the loss.

a. Acquisition Costs

We will pay no more than \$750 for the following direct monetary costs:

- (1) title search fees;
- (2) appraisal fees; and
- (3) application fees.

b. Additional Monthly Mortgage Expense

We will pay that part of the additional monthly mortgage expense on the replacement dwelling which is because of a higher rate of interest for the same principal amount as the first mortgage on **your** dwelling at the time of loss.

We shall pay no more than \$250 per month for the shorter of the following periods:

- (1) four years from the date of the first payment; or
- (2) that date following the first payment on which **your**:
 - (a) ownership; or
 - (b) legal control;of the replacement dwelling is transferred or otherwise assigned.

Payments will be made semi-annually. The deductible stated in the Declarations shall apply.

2. Under SECTION I - PROPERTY PROTECTION, ADDITIONAL COVERAGES, g. Tree Debris Removal is deleted and replaced by the following:

g. Tree Debris Removal

We will pay up to \$1000 for any one loss for reasonable necessary expenses **you** incur for removing trees, limbs and branches from the **residence premises** if:

- (1) caused by any peril we insure against under Coverage A - Dwelling provided such peril is not listed under f. Trees, Shrubs, Plants and Lawns; and

(2) this coverage is not provided elsewhere in this policy.

The limit of \$1000 for any one loss applies, regardless of the number of fallen trees, limbs and branches.

3. REFRIGERATED PRODUCTS

Under **SECTION I - PROPERTY PROTECTION, ADDITIONAL COVERAGES**, m. Refrigerated Products is deleted and replaced by the following:

m. Refrigerated Products

We will pay for damage to the contents of a freezer or refrigerator located at the **residence premises** provided the damage is the direct result of a power failure away from the **residence premises**, or an electrical or mechanical failure of the refrigeration system. Power, electrical or mechanical failure does not include:

(1) removing of a plug from an electrical outlet; nor

(2) turning off of an electrical switch unless caused by a peril we insure against.

If any **insured** is aware of the power, electrical or mechanical failure, all reasonable action to protect the covered property from further damage must be taken or this coverage shall be void.

No loss shall be paid until the amount of loss exceeds \$50. The most we will pay in any one loss is \$750 regardless of the number of freezers or refrigerators involved in the loss. This is not an additional amount of insurance.

4. WATER BACKUP OF SEWERS OR DRAINS

We cover risk of accidental direct physical loss to covered property described under Coverage A - Dwelling, Coverage B - Other Structures and Coverage C - Personal Property caused by:

- a. water from outside the plumbing system that enters through sewers or drains; and
- b. water which enters into and overflows from within a sump pump, sump pump well or any other system designed to remove subsurface water which is drained from the foundation area.

Coverage does not apply to any loss caused by negligence of any **insured**. No loss shall be paid until the amount of loss exceeds \$250. The most we will pay in any one loss is the limit of insurance shown in the Declarations under "Water Backup of Sewers or Drains." This is not an additional amount of insurance.

5. DEDUCTIBLE - GLASS DAMAGE AND GLASS BREAKAGE

With respect to loss covered by the additional coverage **Glass or Safety Glazing Material**:

- a. a deductible stated in the Declarations of \$250 or less is waived; and
- b. if the policy deductible is greater than \$250, a \$250 deductible will apply to this coverage.

6. ORDINANCE OR LAW

Settlement of loss or damage to covered property caused by any **PERILS WE INSURE AGAINST** shall include costs necessary to meet any applicable ordinance or law:

- a. regulating the construction, use or repair; or

b. requiring the demolition, including costs of debris removal;

of the insured dwelling or structure(s).

We shall pay no more than the limit of insurance shown in the Declarations under Ordinance Or Law.

In no event shall our payment under the provisions of this endorsement be increased because of the provisions of any other endorsement attached to this policy that may increase the Coverage A - Dwelling or Coverage B - Other Structures limits of insurance shown in the Declarations.

All other policy terms and conditions apply.

Michigan
POLICY CANCELLATION AND NONRENEWAL
Homeowners Policy

It is agreed:

Under **GENERAL POLICY CONDITIONS**, the following conditions are added:

CANCELLATION

1. **You** may cancel this policy by returning it to **us** or by notifying **us** on or before the date which **you** wish the cancellation to take effect. The minimum earned premium shall not be less than the pro rata premium or \$25.00, whichever is greater.
2. **We** may cancel this policy by mailing or delivering written notice stating the reason for cancellation to **you** at **your** last address known to **us** or **our** authorized agent. This notice shall be mailed or delivered:
 - a. at least 10 days prior to the effective date when cancellation is for nonpayment of premium; or
 - b. when cancellation is for a reason other than nonpayment of premium, at least 30 days prior to the effective date.**We** will cancel this policy for reasons which conform to **our** underwriting rules. The notice shall state each specific reason for the cancellation.

NONRENEWAL

If **we** decide not to renew this policy, **we** will mail or deliver written notice stating each specific reason for nonrenewal to **you** at **your** last address known to **us** or **our** authorized agent. **We** will nonrenew this policy only for reasons which conform to **our** underwriting rules. This notice shall be mailed or delivered at least 30 days prior to the expiration of this policy.

All other policy terms and conditions apply.

WATERCRAFT LIABILITY AMENDATORY ENDORSEMENT

Homeowners Policy

It is agreed:

SECTION II - PERSONAL LIABILITY PROTECTION is amended as follows:

1. Exclusion a.(6) does not apply with regard to only a jet propelled **watercraft** less than 16 feet in length not owned by any insured.
2. Exclusion b.(6) and exclusion c.(3) do not apply with regard to only **bodily injury** sustained by an insured because of or arising out of the maintenance or use of only a **watercraft** covered by Coverage E - Liability Coverage.

All other policy terms and conditions apply.

INCREASED COST ENDORSEMENT

Homeowners Policy - Form 3

It is agreed:

1. If, prior to a covered loss to **your dwelling**, **you** have:

a. permitted **us** to increase the Coverage A - Dwelling limit of insurance stated in the Declarations to reflect:

(1) any increase because of inflation; and

(2) any property valuation estimates made by **us**; and

b. notified **us** within 30 days from the start of any alterations to **your dwelling** which increase its replacement cost by 5% or \$5,000, whichever is less; and

c. paid an additional premium for any increase in the limit of insurance;

then at the time of a covered loss to **your dwelling**, if **you** repair or replace **your dwelling**, the Coverage A - Dwelling limit of insurance stated in the Declarations shall, if necessary, be increased to reflect the current cost to repair or replace **your dwelling** at the **residence premises**. However, in no event shall this increase in the limit of insurance exceed 25% of the Coverage A - Dwelling limit of insurance immediately prior to the covered loss.

2. If the Coverage A - Dwelling limit of insurance stated in the Declarations is increased, then the limit of insurance stated in the Declarations for:

a. Coverage B - Other Structures;

b. Coverage C - Personal Property; and

c. Coverage D - Additional Living Expense and Loss of Rents;

shall be increased by the same percentage that the Coverage A - Dwelling limit of insurance has been increased.

3. The policy premium shall be increased from the date of loss to the end of the policy term to reflect any such increases in the limits of insurance.

All other policy terms and conditions apply.

LIMITATION - FUNGI, WET ROT, DRY ROT AND BACTERIA
Homeowners Policy - Form 3

It is agreed:

1. Under **DEFINITIONS**, the following definitions are added:

Fungi means any type or form of fungus, including but not limited to, any mold, mildew, mycotoxins, spores, scents or byproducts produced or released by any type or form of fungus.

Fungi remediation cost means the reasonable cost:

- a. to remove **fungi**, wet rot, dry rot or bacteria from covered property under **SECTION I - PROPERTY PROTECTION**;
- b. to tear out and replace any part of covered property as needed to gain access to the **fungi**, wet rot, dry rot or bacteria; and
- c. to test property or air to confirm the presence, level or absence of **fungi**, wet rot, dry rot or bacteria only if there is reason to believe that **fungi**, wet rot, dry rot or bacteria is present. We will pay such cost whether performed prior to, during or after removal, repair, restoration or replacement.

2. Under **SECTION I - PROPERTY PROTECTION, 3. EXCLUSIONS, a. Coverage A - Dwelling, Coverage B - Other Structures and Coverage C - Personal Property**, the following exclusion is added:

Fungi, wet rot, dry rot or bacteria, except as provided under the additional coverage, **Fungi, Wet Rot, Dry Rot and Bacteria**. This exclusion does not apply:

- a. to accidental direct physical loss to covered property as a result of **fungi**, wet rot, dry rot or bacteria if such loss follows prior accidental direct physical loss to covered property caused by fire or lightning; nor
- b. to ensuing loss not otherwise excluded resulting directly or indirectly from **fungi**, wet rot, dry rot or bacteria.

3. **SECTION I - PROPERTY PROTECTION, 3. EXCLUSIONS, b. Coverage A - Dwelling and Coverage B - Other Structures** is amended as follows:

- a. (1) is deleted and replaced by the following:

(1) Weather conditions which contribute in any way with any events excluded in 3.a. above to cause the loss;

- b. (4)(c) is deleted and replaced by the following:

(c) rust or other corrosion, or electrolysis;

4. Under **SECTION I - PROPERTY PROTECTION, 4. ADDITIONAL COVERAGES**, the following additional coverage is added:

Fungi, Wet Rot, Dry Rot and Bacteria

- (1) We will pay for accidental direct physical loss to covered property and **fungi remediation cost** as a result of **fungi, wet rot, dry rot or bacteria** if such loss follows prior accidental direct physical loss to covered property caused by any peril insured against other than fire or lightning.
- (2) We will pay no more than the least of the following for accidental direct physical loss to covered property including **fungi remediation cost**.
 - a) subject to (2)b) immediately below, we will pay no more than the limit of insurance shown in the Declarations under "Property Coverage Limitation for **Fungi, Wet Rot, Dry Rot and Bacteria**" for all accidental direct physical loss to covered property including **fungi remediation cost**.
 - b) when the HOMEOWNERS PLUS endorsement is part of this policy and **fungi, wet rot, dry rot or bacteria** follows accidental direct physical loss to covered property resulting directly from water backup, we will pay no more than the limit of insurance shown in the Declarations under "Water Backup of Sewers or Drains" for all accidental direct physical loss to covered property including **fungi remediation cost**.

This is the most we will pay per location for the total of all loss or costs payable under **SECTION I - PROPERTY PROTECTION** during the policy term shown in the Declarations regardless of the number of locations covered by this policy or the number of losses. This does not apply to Coverage D - Additional Living Expense And Loss Of Rents. This amount shall not be increased because of the provisions of the Increased Cost Endorsement or the Guaranteed Home Replacement Cost endorsement, if attached to this policy. This Additional Coverage will not trigger coverage under the Increased Cost Endorsement or the Guaranteed Home Replacement Cost endorsement, if attached to this policy. This is not an additional amount of insurance.

- (3) This Additional Coverage applies only to loss or costs resulting from accidental direct physical loss to covered property by a peril we insure against during the policy term only if all reasonable means were used to preserve and save covered property from further damage.
- (4) If there is accidental direct physical loss to covered property, not caused, in whole or in part, by **fungi, wet rot, dry rot or bacteria**, our payment of loss will not be limited by the terms of this coverage, except to the extent that **fungi, wet rot, dry rot or bacteria** caused an increase in the loss. All such increase will be subject to the provisions of this Additional Coverage.

All other policy terms and conditions apply.

PERSONAL PROPERTY REPLACEMENT COST Homeowners Policy

It is agreed:

1. As used in only this endorsement, full cost to replace means the cost, at the time of loss, of a new article:
 - a. identical to the damaged, destroyed or stolen article; or
 - b. of comparable quality when an identical article is no longer available.
2. We will adjust a claim for covered loss to covered property that:
 - a. is personal property insured under SECTION I - PROPERTY PROTECTION, Coverage C - Personal Property;
 - b. are structures that are not buildings which are located at the **residence premises**;
 - c. are antennas, carpeting, awnings, domestic appliances and outdoor equipment, whether or not attached to buildings; and
 - d. is personal property separately described and specifically insured by the policy, other than:
 - (1) **watercraft** including their equipment, accessories and parts;
 - (2) outboard motors; and
 - (3) **recreational vehicles**, including their equipment, accessories and parts;

on the basis of the full cost to repair or the full cost to replace the damaged property without a deduction for depreciation.
3. The provisions of this endorsement do not apply to:
 - a. antiques, fine arts, paintings and similar property which is rare or an antique and cannot be replaced;
 - b. momentos, souvenirs, collectors items, trading cards and similar property, the age or history of which contributes to its value;
 - c. any item which is:
 - (1) broken or awaiting repair;
 - (2) no longer capable of or will no longer be used to perform the function for which it was designed; or
 - (3) obsolete or useless to the **insured**.
4. In no event shall we pay more than the smallest of the following:
 - a. the full cost to replace the article at the time of loss;
 - b. the full cost to repair the article;
 - c. any applicable special limit stated in SECTION I - PROPERTY PROTECTION, Coverage C - Personal Property of the policy; or
 - d. the limit of insurance stated in the Declarations for Coverage C - Personal Property.
5. If the full cost to replace all damaged covered property under the provisions of this endorsement exceeds \$500, we will pay no more than the actual cash value of such property until actual repair or replacement of such property is completed. Actual cash value includes a deduction for depreciation.
6. An **insured** may choose to disregard the provisions of this endorsement when making a claim under the policy and accept an actual cash value settlement which will include a deduction for depreciation. If so, that **insured** shall have the right to make a further claim under the terms of this endorsement within 180 days after the loss.

All other policy terms and conditions apply.

GUARANTEED HOME REPLACEMENT COST

Homeowners Policy - Form 3

It is agreed:

If, prior to a covered loss to **your dwelling**, **you** have:

1. permitted **us** to increase the Coverage A - Dwelling limit of insurance stated in the Declarations to reflect:
 - a. any increase because of inflation; and
 - b. any property valuation estimates made by **us**; and
2. notified **us** within 30 days from the start of any alterations to **your dwelling** which increase its replacement cost by 5% or \$5,000, whichever is less;
3. paid an additional premium for any increase in the limit of insurance;

then at the time of a covered loss to **your dwelling**, if **you** repair or replace **your dwelling**:

1. the Coverage A - Dwelling limit of insurance stated in the Declarations shall, if necessary, be increased to equal the current replacement cost of **your dwelling** and shall apply to the cost of repairing or replacing **your dwelling** at the **residence premises**; and
2. if the Coverage A - Dwelling limit of insurance stated in the Declarations is increased, then the limit of insurance stated in the Declarations for:
 - a. Coverage B - Other Structures;
 - b. Coverage C - Personal Property; and
 - c. Coverage D - Additional Living Expense and Loss of Rents;

shall be increased by the same percentage that the Coverage A - Dwelling limit of insurance has been increased; and

3. the policy premium shall be increased from the date of loss to the end of the policy term to reflect these increases in the limits of insurance.

All other policy terms and conditions apply.

AMENDATORY ENDORSEMENT - FREEZING EXCLUSION

Homeowners Policy Forms 3, 4, 6 and
Premier Plus Homeowners Policy

It is agreed:

SECTION I - PROPERTY PROTECTION

Under **EXCLUSIONS**:

1. The following exclusion is deleted:

Freezing of plumbing, heating, air conditioning or automatic fire protection sprinkler systems or domestic appliances, or by discharge, leakage or overflow from the system or appliance caused by freezing while the building is vacant, unoccupied or in the course of construction unless, prior to the loss, **you** have either:

- a. shut off the water supply and drained the systems and appliances; or
- b. maintained heat in the building.

2. The following exclusion is added:

Freezing of plumbing, heating, air conditioning or automatic fire protection sprinkler systems or domestic appliances, or by discharge, leakage or overflow from the system or appliance caused by freezing while the building is vacant, unoccupied or in the course of construction unless **you** take precautions to:

- a. shut off the water supply and drain the systems and appliances; or
- b. maintain heat in the building.

All other policy terms and conditions apply.

IDENTITY THEFT - EXPENSE COVERAGE

Homeowners Policy

It is agreed:

1. DEFINITIONS

The following definitions apply to this endorsement only:

- a. **Identity theft** means knowingly transferring or using, by anyone without lawful authority, a means of identification of an **insured** with the intent to commit, or to aid or abet, any unlawful activity that constitutes a violation of Federal law, or that constitutes a felony under any applicable State or Local law.
- b. **Identity theft** includes the misuse of an **insured's**:
 - (1) name, address or social security number;
 - (2) financial account numbers; or
 - (3) other identifying information and the use of such information to:
 - (a) acquire loans in an **insured's** name;
 - (b) open credit card accounts;
 - (c) seize existing accounts; or
 - (d) commit theft of funds from an **insured's** financial accounts.
- c. **Identity theft expenses** means:
 - (1) Any cost incurred to provide, obtain, reproduce or notarize affidavits or similar documents for:
 - (a) law enforcement agencies;
 - (b) financial institutions;
 - (c) credit grantors; or
 - (d) credit agencies.
 - (2) Actual loss of earnings by an **insured** resulting from time off work to complete costs of (1) immediately above, subject to the limits shown under **COVERAGE** below.
 - (3) Cost for telephone calls to report, discuss or resolve an actual **identity theft** with:
 - (a) law enforcement agencies;

- (b) financial institutions;
 - (c) credit grantors;
 - (d) credit agencies;
 - (e) merchants; or
 - (f) legal counsel.
- (4) Loan application fees for re-applying for any loan when the original loan application is rejected solely because the lender received incorrect credit information resulting from the occurrence of **identity theft**.
- (5) Reasonable attorney fees incurred with **our** prior consent for:
- (a) Defense of an **insured** against any **suits** by persons or organizations or their collection agencies.
 - (b) Removal of any criminal or civil judgments wrongly entered against an insured.
 - (c) Challenging the accuracy or completeness of any information in an **insured's** consumer credit report that an **insured** believes is inaccurate or incomplete because of or resulting from **identity theft**.
- (6) Premiums on bonds required as a result of a **suit** resulting from **identity theft**. **Our** payment of premium for such bonds will not exceed an amount greater than **our** limit of insurance for **identity theft**. **We** have no obligation to apply for or furnish the bonds.

2. COVERAGE

The following is added under **SECTION I - PROPERTY PROTECTION, ADDITIONAL COVERAGES**.

IDENTITY THEFT EXPENSES

We will pay up to \$15,000 for **identity theft expenses** incurred by all **insureds** as the direct result of all **identity theft**.

Our payment for actual loss of earnings resulting from time off work to handle **identity theft expenses** will not exceed \$250 per day, per **insured**, or \$10,000 for all **insureds**. This limit of insurance is included within and not in addition to the \$15,000 limit for **identity theft expenses**.

We will pay for **identity theft expenses** incurred by an **insured** person as the direct result of **identity theft** that is discovered during the policy term shown in the Declarations. In the event of cancellation or nonrenewal of the policy, the **identity theft** must:

- (1) Take place prior to the effective date of cancellation or nonrenewal.
- (2) Be discovered by an **insured** person:
 - (a) during the policy term; or
 - (b) up to one year from the:

- 1) expiration date of the policy; or
 - 2) effective date of cancellation
- whichever occurs first.

With respect to this Additional Coverage, discovery takes place when an **insured**:

- (1) first becomes aware of information which would cause a reasonable person to presume that **identity theft** has taken place, although the precise amount or details of the **identity theft** may not be fully known; or
- (2) receives notice of an actual or possible **identity theft** claim asserting facts that, if true, would constitute a covered loss under this Additional Coverage.

We do not cover:

- (1) Loss arising out of or in connection with a **business** owned or financially controlled by an **insured**.
- (2) Expenses incurred because of or resulting from any fraudulent, dishonest or criminal act by an **insured** or any person aiding or abetting an **insured**, or by any authorized representative of an **insured**, whether acting alone or in collusion with others.
- (3) Loss covered under **SECTION I - PROPERTY PROTECTION , ADDITIONAL COVERAGES**, Credit Card, Charge Plate, Fund Transfer Card, Check Forgery and Counterfeit Money Coverages.
- (4) Loss or expenses arising out of **identity theft** discovered by an **insured** prior to the inception of this coverage.
- (5) Loss other than expenses relating to **identity theft**.

3. DEDUCTIBLE

SECTION I - PROPERTY PROTECTION, DEDUCTIBLE is deleted and replaced by the following with respect to this endorsement only:

DEDUCTIBLE

We will pay only that part of the loss that exceeds \$250. No other deductible applies to **Identity Theft - Expense Coverage**.

4. CONDITION

The following is added to **WHAT TO DO IN CASE OF LOSS, 1. PROPERTY**.

Send to us, within 60 days after our request, all receipts, bills or other records that support your claim for expenses under **identity theft** coverage. Notify the police in case of **identity theft**.

All other policy terms and conditions apply.

HOMEOWNERS POLICY FORM 3

This policy is a legal contract between you and us.

READ YOUR POLICY CAREFULLY. This cover sheet provides only a brief outline of some of the important features of your policy. This is not the insurance contract and only the actual policy provisions will control. The policy itself sets forth, in detail, the rights and obligations of both you and your insurance company. **IT IS THEREFORE IMPORTANT THAT YOU READ YOUR POLICY.**

The **DECLARATIONS** contain:

Your name
Location of the residence premises
Policy Term
Coverages
Limits of Insurance
Deductible (Amounts)

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HOMEOWNERS POLICY

FORM 3

INSURING AGREEMENT

The attached Declarations describe the property **we** insure and the Coverages and Limits of Insurance for which **you** have paid a premium. In reliance upon **your** statements in the Declarations and application(s), **we** agree to provide insurance subject to all terms and conditions of this policy. In return, **you** must pay the

premium and comply with all the terms and conditions of this policy. This policy applies to losses, **bodily injury**, **property damage** and **personal injury** which occur during the policy term shown in the Declarations.

DEFINITIONS

To understand this policy, **you** must understand the meaning of the following words. These words appear in **bold face type** whenever used in this policy and endorsements attached to this policy.

1. **Aircraft** means a conveyance designed or used for flight including self-propelled missiles and spacecraft.
2. **Bodily injury** means physical injury, sickness or disease sustained by a person including resulting death of that person. **Bodily injury** does not include **personal injury**.
3. **Business** means:
 - a. any full or part time trade, profession or occupation;
 - b. home day care services provided by an insured; and
 - c. rental or holding out for rental to others of any premises by any insured.

Business does not include:

a. home day care services:

(1) any insured provides on an infrequent and irregular basis;

(2) provided part time by a relative who is under 21 years of age;

(3) provided to a relative by any insured; nor

(4) provided on a mutual exchange basis;

- b. occasional rental or holding out for occasional rental to others of the **residence premises** for use as a dwelling;
 - c. rental or holding out for rental to others a part of the **residence premises** for use as a dwelling, provided the rental is to no more than two roomers or boarders in any single family unit; nor
 - d. rental or holding out for rental to others a part of the **residence premises** as a private garage, office, school or studio.
4. **Incident** means an offense(s) committed by any insured resulting in **personal injury** and includes, as one incident, all continuous or repeated exposure to substantially the same generally harmful condition.

5. **Insured** means:

a. **you**;

b. **your relatives**; and

c. any other person under the age of 21 residing with **you** who is in **your** care or the care of a **relative**.

In SECTION II - PERSONAL LIABILITY PROTECTION, **insured** also means:

- d. with respect to any vehicle covered by this policy:
 - (1) any employee of a person in a., b. or c. above, while engaged in the employment of that person; or
 - (2) any other person **you** permit to use the vehicle while on an **insured premises**.
 - e. any person or organization legally responsible for animals or **watercraft** covered by this policy and owned by a person in a., b. or c. above. However, we will cover that person or organization only with respect to those animals or **watercraft**. We will not cover any person nor organization using or having custody of animals or **watercraft** in the course of any **business** nor without permission of the owner.
6. **Insured premises** means:
- a. the **residence premises**;
 - b. any structures or grounds **you** use in connection with **your residence premises**;
 - c. any other premises **you** acquire during the policy term and which **you** intend to use as a **residence premises**;
 - d. that part of any other premises where **you** reside and which is shown in the Declarations;
 - e. any part of a premises not owned by any **insured** but where any **insured** may be temporarily residing;
 - f. any part of a premises not owned by any **insured** which any **insured** may rent for non-business purposes, such as banquet halls and storage facilities;
 - g. vacant land, other than farmland, owned by or rented to any **insured**;
 - h. Cemetery plots or burial vaults owned by any **insured**;
 - i. land owned by or rented to any **insured** on which a one or two family dwelling is being constructed as a residence for the **insured**; and
 - j. 200 or less acres of farmland on which there are no buildings when such land is farmed by anyone other than any **insured**.
7. **Motor vehicle** means a motorized land vehicle. **Motor vehicle** does not include a recreational vehicle.
8. **Occurrence** means an accident that results in **bodily injury** or **property damage** and includes, as one **occurrence**, all continuous or repeated exposure to substantially the same generally harmful conditions.
9. **Personal injury** means:
- a. libel, slander or defamation of character;
 - b. false arrest, detention or imprisonment, or malicious prosecution;
 - c. invasion of privacy; or
 - d. wrongful eviction or wrongful entry.
- Personal injury** does not include **bodily injury**.
10. **Pollutants** means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals, liquids, gases and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
11. **Property damage** means damage to or destruction of tangible property including resulting loss of use of that property.
12. **Recreational vehicle** means a motorized land vehicle designed primarily for recreational purposes but not designed for travel on public roads. **Recreational vehicle** does not include **watercraft**.
13. **Relative** means a person who resides with **you** and who is related to **you** by blood, marriage or adoption. **Relative** includes a ward or foster child who resides with **you**.

14. Residence employee means:

- a. an employee of any **insured** whose duties are in connection with the maintenance or use of the **residence premises**, including household or domestic services; or
- b. an employee who performs similar duties elsewhere but not in connection with any **insured's business**.

15. Residence premises means:

- a. the one or two family dwelling where **you** reside, including the building, the grounds and other structures on the grounds; or
- b. that part of any other building where **you** reside, including grounds and structures;

which is described in the Declarations.

16. Suit means a civil court proceeding in which damages because of **bodily injury, property damage or personal injury** to which this insurance applies are alleged.

17. You or your means the first named insured shown in the Declarations and if an individual, **your** spouse who resides in the same household.

18. Watercraft means a conveyance capable of being used as a means of transportation on water.

19. We, us or our means the Company providing this insurance.

SECTION I - PROPERTY PROTECTION

1. COVERAGES

a. Coverage A - Dwelling

(1) Covered Property

We cover:

- (a) **your dwelling** located at the **residence premises** including structures attached to that dwelling. This dwelling must be used principally as **your private residence**.
- (b) construction material and supplies at or next to **your residence premises** for use in connection with **your dwelling** or other structures insured under Coverage B - Other Structures.

(2) Property Not Covered

We do not cover any land, including land **your dwelling** occupies.

b. Coverage B - Other Structures

(1) Covered Property

We cover:

- (a) other structures at the **residence premises** which are not attached to the dwelling. This includes structures which are connected to the dwelling by only a utility line, fence or other similar connection.
- (b) other structures which **you** own and **you** use in connection with the **residence premises** that are located at an **insured premises** other than the **residence premises**.

(2) Property Not Covered

We do not cover:

- (a) any structures used for **business** purposes.
- (b) if not located at the **residence premises**:

- 1) structures used as dwellings;
nor
- 2) structures originally constructed
for use as a dwelling.

- (c) any land, including land the structures occupy.

If the replacement cost of all structures covered under (1)(a) above is less than the limit of insurance, we will add the excess amount to the limit of insurance for Coverage A - Dwelling. If there are no other structures, we will add the limit of insurance for this coverage to the limit of insurance for Coverage A - Dwelling. This provision applies only if loss or damage to your dwelling exceeds the limit of insurance for Coverage A - Dwelling and you repair or replace the damaged property and the amount you actually and necessarily spend exceeds the limit of insurance for Coverage A - Dwelling.

c. Coverage C - Personal Property

(1) Covered Property

We cover:

- (a) personal property owned or used by any insured anywhere in the world including property not permanently attached to or otherwise forming a part of realty.
- (b) at your option, personal property owned by others while it is in that part of the residence premises occupied by any insured.
- (c) at your option, personal property of a house guest or residence employee while in any residence of any insured.
- (d) any personal property which is usually at any insured's residence other than the residence premises for up to 10% of the Coverage C -

Personal Property limit but not less than \$1,000. This limitation does not apply to personal property in a newly acquired principal residence for the first 30 days after you begin to move there.

(2) Property Not Covered

We do not cover:

- (a) animals, birds or fish.
- (b) aircraft, their equipment, accessories or parts. We do cover model aircraft neither designed nor used for transporting persons or cargo.
- (c) personal property of roomers and boarders who are not related to any insured.
- (d) personal property of tenants.
- (e) data used for business including the media used to store the data. This includes:

- 1) electronic data storage devices;
and
- 2) paper records of any kind.

We do cover the cost of unexposed or blank media and the cost of pre-recorded computer programs which are available in the retail market place.

- (f) personal property rented to or held out for rental to others by any insured. We do cover such personal property while on that part of the residence premises used exclusively by any insured or roomers and boarders.
- (g) personal property except your appliances and other household furnishings in that part of the residence premises regularly rented to

or held out for rental to others (except roomers or boarders) by any insured for use as living quarters.

(h) motor vehicles and recreational vehicles.

We do cover:

- 1) **motor vehicles** not subject to registration by a state regulatory agency which are used primarily for servicing and maintaining the **residence premises**.
- 2) **recreational vehicles** which are used primarily for servicing and maintaining the **residence premises**.
- 3) A conveyance designed primarily to provide mobility to the handicapped, provided it is not licensed for operation on public roadways.
- 4) electrically powered vehicles designed for and used as a toy.

(i) motor vehicle and recreational vehicle equipment, accessories and parts.

We do cover:

- 1) citizens band radios, cellular telephones, radio transceivers, radio transmitters and similar transmitting equipment; and
- 2) devices or instruments for the recording or reproduction of sound;

while in or upon a **motor vehicle** or **recreational vehicle** if capable of being operated by both electrical current from the vehicle operating system and electrical current from

a source other than the vehicle; and

- 3) accessories, antennas, tapes, wires, records, discs and other media for use with the items described in (i)1) and 2) above while in or upon such vehicles.

- 4) spare or replacement **motor vehicle** and **recreational vehicle** equipment, accessories or parts when not installed in or upon the **motor vehicle** or **recreational vehicle**.

- (j) any device designed or used to detect, avoid or locate radar or any other speed measuring or calculating apparatus while in or upon a **motor vehicle**.
- (k) property specifically described and insured by this policy or any other insurance.
- (l) contraband or property in the course of illegal transportation or trade; or property seized or subject to seizure by any governmental authority.

(3) Special Limits of Insurance for Certain Personal Property

Special limits of insurance apply to the following groups of personal property. These limits do not increase the limit of insurance for Coverage C - Personal Property. The special limit for each group is the most we will pay in any one loss for all personal property in that group.

- (a) \$250 for money, bank notes, and bullion; coins and medals and other numismatic property; and precious metals including platinum, gold and silver, but not goldware or silverware.

- (b) \$1,000 for securities, checks, accounts, deeds, evidences of debt, letters of credit, notes other than bank notes; passports, personal data and records, manuscripts, tickets; and stamps and other philatelic property. This limit applies to these categories regardless of the media on which the material exists and includes the cost to research, replace or restore the information from the lost or damaged material.
- (c) \$1,000 for **watercraft**, including their equipment, accessories or parts, trailers and outboard motors.
- (d) \$1,000 for trailers not used to transport **watercraft**.
- (e) \$1,000 for theft of jewelry, watches, precious and semi-precious stones, and furs, including any article containing fur which represents its principal value.
- (f) \$2,500 for cemetery markers, headstones and urns.
- (g) \$5,000 for theft of silverware, silver-plated ware, goldware, gold-plated ware and pewterware. This includes flatware, hollowware, tea sets, trays and trophies made of or including silver, gold or pewter.
- (h) \$2,500 for theft of guns and their accessories, parts or equipment.
- (i) \$2,500 for personal property located on the **residence premises** that is used in any way or at any time for **business** purposes.
- (j) \$1,000 for personal property located away from the **residence premises** that is used in any way or at any time for **business** purposes.
- (k) \$10,000 for loss by theft of carpets (except wall-to-wall carpet), tapes-

tries, rugs, wall-hangings or other similar articles. However, we shall not pay more than \$5,000 for any one article.

- (l) \$1,000 for trading cards.
- (m) \$2,500 for spare or replacement **motor vehicle** and **recreational vehicle** equipment, accessories or parts when not installed in or upon the **motor vehicle** or **recreational vehicle**.
- (n) \$2,500 for **your** appliances and other household furnishings in that part of the **residence premises** regularly rented to or held for rental to others (except roomers or boarders) by **you**.
- (o) \$1,000 for:
 - 1) citizens band radios, cellular telephones, radio transceivers, radio transmitters and similar transmitting equipment; and
 - 2) devices or instruments for the recording or reproduction of sound;

while in or upon a **motor vehicle** or **recreational vehicle** if capable of being operated by both electrical current from the vehicle operating system and electrical current from a source other than the vehicle; and
 - 3) accessories, antennas, tapes, wires, records, discs and other media for use with items (o)1) and (o)2) above while in or upon such vehicles. However, we shall pay no more than \$250 in any one loss for these items.

d. Coverage D - Additional Living Expense And Loss Of Rents

If a covered loss makes **your residence premises** unfit to live in, **we** will pay, at **your** option, either:

- (1) the reasonable increase in **your** living expenses necessary to maintain **your** normal standard of living while **you** live elsewhere; or
- (2) the fair rental value of that part of the **residence premises** where **you** reside, less any charges and expenses which do not continue while the **residence premises** is unfit to live in.

We will pay for only the shortest time required to repair or replace the **residence premises** or for **you** to permanently relocate. **We** will also pay for **your** loss of normal rents resulting from a covered loss while the rented part of the **residence premises** is unfit to live in, less charges and expenses which do not continue during that time. **We** will pay this loss of normal rents only for the shortest time needed to make the rented part fit to live in.

If damage caused by a peril **we** insure against occurs at a neighboring premises, **we** will pay reasonable additional living expenses and loss of normal rents as provided in (1) and (2) above for up to two weeks provided civil authorities prohibit occupancy of the **residence premises**.

These periods of time will not be shortened by the expiration of this policy. **We** will not pay for loss or expense because of the cancellation of any lease or agreement.

A deductible amount stated in the Declarations shall apply only once if damage resulting from the same loss is covered under more than one of the coverages described above.

2. PERILS WE INSURE AGAINST

a. Coverage A - Dwelling and Coverage B - Other Structures

We cover risk of accidental direct physical loss to covered property described under

Coverage A - Dwelling and Coverage B - Other Structures except for losses excluded elsewhere in this policy.

b. Coverage C - Personal Property

We cover risk of accidental direct physical loss to covered property described under Coverage C - Personal Property caused by any of the following perils except for losses excluded elsewhere in this policy:

- (1) Fire or Lightning.
- (2) Windstorm or Hail. This peril does not include loss:
 - (a) to covered property in any building, caused by rain, snow, sand, sleet or dust unless the building is first damaged by the direct force of wind or hail, creating an opening through which the rain, snow, sand, sleet or dust enters the building; nor
 - (b) to **watercraft** (except rowboats and canoes while on **residence premises**) and their trailers, equipment, accessories, parts and motors unless inside a fully enclosed building.
- (3) Explosion.
- (4) Riot or Civil Commotion.
- (5) Aircraft.
- (6) Vehicles.
- (7) Smoke, if the loss is sudden and accidental. This peril does not include loss caused by smoke from agricultural smudging or industrial operations.
- (8) Vandalism and Malicious Mischief.
- (9) Theft or Attempted Theft, including loss of covered property from a known place if it is likely that a theft has occurred.
 - (a) This peril does not include theft.

- 1) committed by any **insured** or by any other person regularly residing at the **residence premises**. Covered property of a student who is an **insured** is covered while located at a residence away from the **residence premises**, if the theft is committed by a person who is not an **insured**;
 - 2) in or from a dwelling under construction or of construction materials and supplies until the dwelling is completed and occupied; nor
 - 3) from any part of the **residence premises** rented by any **insured** to other than an **insured**.
- (b) This peril does not include theft away from the **residence premises** of:
- 1) covered property while in any other residence or its premises owned, rented or occupied by any **insured** except while any **insured** is temporarily residing there. Covered property of any **insured** who is a student is covered at a residence away from the **residence premises** if the student has been there at any time during the 45 days just before the loss.
- If the **residence premises** is a newly acquired residence, covered property in the immediate past residence shall not be considered property away from the **residence premises** for the first 30 days after you begin moving covered property from that residence;
- 2) **watercraft** and their equipment, accessories, parts and outboard motors; nor
 - 3) trailers, camping trailers and campers designed to be pulled by or carried on a **motor vehicle**.
- (10) **Falling Objects**. This peril does not include loss to covered property within a building unless the falling object first damages the exterior of the building. We do not cover damage to the falling object.
- (11) **Weight of ice, snow or sleet** which damages covered property in a building.
- (12) **Sudden and accidental tearing apart, cracking, burning or bulging** of a heating, air conditioning or automatic fire protection sprinkler system or a water heating appliance. This peril does not include loss which is caused by or results from freezing.
- (13) **Accidental discharge or overflow of water or steam** from within a plumbing, heating, air conditioning or automatic fire protection sprinkler system or domestic appliance. This peril does not include loss:
- (a) to the appliance or system from which the water or steam escapes;
 - (b) caused by or resulting from freezing, except as provided by the peril of freezing; nor
 - (c) caused by or resulting from water from outside the plumbing system that enters through sewers or drains, or water which enters into and overflows from within a sump pump, sump pump well or other type system designed to remove subsurface water which is drained from the foundation area.
- A plumbing system does not include a sump, sump pump or related equipment.

(14) Freezing of plumbing, heating, air conditioning or an automatic fire protection sprinkler system or a domestic appliance.

(15) Sudden and accidental loss caused by an increase or decrease of artificially generated electrical currents. This peril does not include loss to tubes, transistors or similar electronic components.

(16) Volcanic Eruption. This peril does not include loss caused by earthquake or land shock waves or tremors which occur before, during or after a volcanic eruption. All volcanic eruptions that occur within a period of 72 hours will be considered one volcanic eruption.

3. EXCLUSIONS

a. **Coverage A - Dwelling, Coverage B - Other Structures and Coverage C - Personal Property**

We do not cover loss to covered property caused directly or indirectly by any of the following, whether or not any other cause or event contributes concurrently or in any sequence to the loss:

(1) Enforcement of any ordinance or law regulating the construction, repair or demolition of a building or other structure, unless specifically provided under this policy. This exclusion does not apply to loss to covered property caused by actions of civil authorities to prevent the spread of a fire caused by a peril we insure against.

(2) Earth movement, meaning earthquake, including land shock waves or tremors before, during or after volcanic eruption; landslide; mine subsidence; mudflow; erosion; earth sinking; rising or shifting. This exclusion does not apply to ensuing direct loss caused by fire, explosion, breakage of building glass or safety glazing material or theft.

(3) Water damage, meaning:

(a) flood, surface water, waves, tidal water or overflow of a body of water. We do not cover spray from any of these, whether or not driven by the wind;

(b) water or sewage from outside the plumbing system that enters through sewers or drains;

(c) water which enters into and overflows from within a sump pump, sump pump well or any other system designed to remove subsurface water which is drained from the foundation area; or

(d) water below the surface of the ground. This includes water which exerts pressure on or flows, seeps or leaks through any part of a building, sidewalk, driveway, swimming pool or other structure.

This exclusion does not apply to ensuing direct loss to covered property caused by theft, fire or explosion.

(4) Failure or interruption of power or other utility service which occurs away from the **residence premises**. We will pay for loss caused solely by a peril we insure against that ensues at the **residence premises**.

(5) Freezing of plumbing, heating, air conditioning or automatic fire protection sprinkler systems or domestic appliances, or by discharge, leakage or overflow from the system or appliance caused by freezing while the building is vacant, unoccupied or in the course of construction unless, prior to the loss, **you** have either:

(a) shut off the water supply and drained the systems and appliances; or

(b) maintained heat in the building.

- (6) Failure of any **insured** to use all reasonable means to protect covered property at and after the time of loss or when the covered property is endangered.
- (7) War, including any undeclared war, civil war, insurrection, rebellion, revolution, warlike act by a military force or military personnel, destruction or seizure or use for a military purpose, and including any consequence of any of these.
- (8) Nuclear action, meaning nuclear reaction, radiation, radioactive contamination, however caused and whether controlled or uncontrolled, or any consequence of any of these. Nuclear action includes the discharge of a nuclear weapon, even if accidental. Loss caused by nuclear action is not considered loss by the perils of Fire, Explosion or Smoke. Direct loss by fire resulting from nuclear action is covered.
- (9) An action by or at the direction of any **insured** committed with the intent to cause a loss.

b. Coverage A - Dwelling and Coverage B - Other Structures

Except as to ensuing loss not otherwise excluded, **we** do not cover loss resulting directly or indirectly from:

- (1) Weather conditions which contribute in any way with any events excluded in exclusions 3.a.(1) through 3.a.(9) above to cause the loss;
- (2) Acts or decisions of any person, group, organization or governmental body, or their failure to act or decide.
- (3) Faulty, inadequate or defective:
 - (a) construction, reconstruction, repair, remodeling or renovation;
 - (b) materials used in construction, reconstruction, repair, remodeling or renovation;

- (c) design, workmanship or specifications;
- (d) siting, surveying, zoning, planning, development, grading or compaction; or
- (e) maintenance;

of a part or all of the **residence premises** or any other property.

- (4) (a) wear and tear, marring, scratching or deterioration;
- (b) inherent vice, latent defect or mechanical breakdown;
- (c) rust, corrosion or electrolysis, mold or mildew, or wet or dry rot;
- (d) smog, smoke from agricultural smudging or industrial operations;
- (e) settling, shrinkage, bulging or expansion, including resultant cracking of pavement, patios, foundations, walls, floors or ceilings;
- (f) birds, vermin, rodents or insects;
- (g) animals owned or kept by any **insured**; or
- (h) discharge, release, escape, seepage, migration or dispersal of **pollutants** unless caused by a peril **we** insure against under Coverage C - Personal Property. This exclusion does not apply to ADDITIONAL COVERAGE, o. Heating Fuel Damage.

If because of any of these, water escapes from a plumbing, heating, air conditioning or automatic fire protection sprinkler system or domestic appliance, **we** cover loss caused by the water. **We** also cover the cost of tearing out and replacing any part of the covered building necessary to repair the system or appliance. **We** do

not cover loss to the system or appliance from which the water escapes.

- (5) Theft in or from a dwelling under construction or of construction materials and supplies until completed and occupied.
- (6) Constant or repeated seepage or leakage of water or steam from within a plumbing, heating, air conditioning or automatic fire protection sprinkler system or from within a domestic appliance which occurs over a period of weeks, months or years.
- (7) Freezing, thawing, pressure or weight of water or ice, whether driven by wind or not, to a fence, pavement, patio, swimming pool, foundation, retaining wall, bulkhead, pier, wharf or dock.
- (8) Vandalism or malicious mischief or breakage of glass or safety glazing materials if the dwelling has been vacant for more than 30 consecutive days just before the loss. A building under construction is not considered vacant.
- (9) Collapse of a building or any part of a building except as provided by ADDITIONAL COVERAGE, h. Collapse.

4. ADDITIONAL COVERAGES

a. Debris Removal

We will pay reasonable necessary expenses **you** incur to remove debris of covered property insured under Coverage A - Dwelling, Coverage B - Other Structures and Coverage C - Personal Property following a loss caused by a peril **we** insure against. We will also pay reasonable necessary expenses **you** incur to remove ash, dust or particles from a volcanic eruption that has caused direct loss to a building or covered property within a building. This coverage does not apply to removal of trees, limbs and branches.

If damage to the covered property and the cost of debris removal is more than **our** limit of insurance for the covered property, **we** will pay up to an additional 5% of that limit for debris removal.

b. Fire Department Charges

We will pay up to \$500 for **your** liability under an agreement for service charges made by a fire department when called to protect **your** covered property from a peril **we** insure against. These payments are in addition to the amount of insurance applying to the covered property. No deductible applies to this coverage.

c. Credit Card, Charge Plate, Fund Transfer Card, Check Forgery and Counterfeit Money Coverages

(1) Credit Card, Charge Plate and Fund Transfer Card Coverage

If any **insured** is legally required to pay for the unauthorized use of a credit card or charge plate issued to any **insured**, **we** will cover the loss. We will also pay for loss which results from unauthorized use of a fund transfer card issued to any **insured**. A fund transfer card is one used for deposit, withdrawal or transfer of funds. We do not cover use of the credit card, charge plate or fund transfer card:

- (a) by a resident of **your** household;
- (b) by someone to whom any **insured** has given the card or plate; nor
- (c) unless the **insured** has met all the terms under which the card or plate was issued.

(2) Check Forgery Coverage

We cover loss sustained by any **insured** which is caused by forgery or alteration of a check or other negotiable instruments.

(3) Counterfeit Money Coverage

We cover loss sustained by any insured because of acceptance in good faith of counterfeit United States or Canadian paper currency.

We will not pay more than \$1,000 for any one loss involving one or more of these coverages. Repeated losses caused by one person or in which one person is involved are to be considered one loss. We do not cover any loss that arises from a **business** of any insured or dishonesty of an insured. No deductible applies to these coverages.

We may investigate any claim or settle any **suit** as we think appropriate. We will not defend after we have paid an amount equal to the limit of our liability.

If a claim is made or a **suit** is brought against any insured for liability under the Credit Card, Charge Plate or Fund Transfer Card Coverage, we will defend that insured. We will do this at our expense, using attorneys of our choice.

We may at our option and at our expense, defend any insured or that person's bank against a **suit** to enforce payment under the Check Forgery Coverage.

d. Emergency Removal of Personal Property

We will pay for loss to covered personal property damaged in any way when being removed or while removed from an insured premises because of danger from a peril we insure against. Coverage is limited to a 30 day period beginning on the date of removal. We will also pay for reasonable necessary expenses incurred by you for the removal and return of the covered property. This is not an additional amount of insurance.

e. Necessary Repairs After Loss

We will pay the reasonable cost of necessary, temporary repairs made solely to protect covered property from further damage

following a loss caused by a peril we insure against. This is not an additional amount of insurance.

f. Trees, Shrubs, Plants and Lawns

We will pay up to 5% of the Coverage A - Dwelling limit of insurance for loss to outdoor trees, shrubs, plants and lawns at the residence premises. Coverage applies to only loss, including debris removal, caused by the following perils we insure against: Fire or Lightning, Explosion, Riot or Civil Commotion, Aircraft, Vehicles not owned or operated by an occupant of the residence premises, Vandalism and Malicious Mischief or Theft.

Payments are in addition to the limit of insurance applying to Coverage A - Dwelling. We will not pay:

- (1) more than \$500 for any one outdoor tree, shrub or plant; nor
- (2) for any trees, shrubs, plants or lawns grown for business purposes.

g. Tree Debris Removal

We will pay up to \$500 for any one loss for reasonable necessary expenses you incur for removing trees, limbs and branches from the residence premises if:

- (1) caused by any peril we insure against under Coverage A - Dwelling provided such peril is not listed under f. Trees, Shrubs, Plants and Lawns; and
- (2) this coverage is not provided elsewhere in this policy.

The limit of \$500 for any one loss applies, regardless of the number of fallen trees, limbs and branches.

h. Collapse

We cover risk of direct physical loss involving collapse to covered property insured under Coverage A - Dwelling, Coverage B -

Other Structures and Coverage C - Personal Property only if:

- (1) the loss involves collapse of a building or part of a building; and
- (2) the collapse is caused by any of the following:
 - (a) hidden decay, hidden insect damage or hidden vermin damage;
 - (b) weight of people, contents, animals, equipment and/or furniture;
 - (c) defective material or defective methods used in construction, reconstruction, renovation or remodeling;
 - (d) weight of rain, ice, sleet or snow on a roof; or
 - (e) a peril we insure against under Coverage C - Personal Property.

Collapse does not include settling, cracking, shrinkage, bulging or expansion.

Under h.(2)(a)-h.(2)(d) above, coverage does not apply to loss to awnings, fences, pavements, patios, swimming pools, underground pipes, flues, drains, cesspools, septic tanks, foundations, retaining walls, bulkheads, piers, wharves or docks unless damage is caused directly by collapse of a building. This is not an additional amount of insurance.

i. Loss Assessment

We will pay up to \$2,500 for your share of any loss assessment charged against you as the owner or tenant of the residence premises by an association or corporation of property owners if the assessment is made as a result of direct physical loss caused by a peril we insure against to property owned collectively by all members of the association or corporation. Coverage is included for loss occurring during the policy term if the assessment is charged

against you after the policy term.

We will not pay if the loss is caused by earthquake or land shock waves or tremors which occur before, during or after a volcanic eruption or mine subsidence. We will not pay for any loss assessments charged by a governmental body.

The most that we will pay for any one loss is \$2,500 regardless of the number of assessments.

j. Glass or Safety Glazing Material

We cover:

- (1) the breakage of glass or safety glazing materials which are part of a covered building including storm doors and storm windows.
- (2) damage to covered property by glass or safety glazing material which is part of a covered building including storm doors and storm windows.

This coverage does not include loss to the residence premises if the dwelling has been vacant for more than 30 consecutive days immediately preceding the date of loss. A dwelling under construction is not considered vacant. Loss for damage to glass will be based on replacement with safety glazing materials when required by ordinance or law. This is not an additional amount of insurance.

k. Rekeying of Locks

We will pay reasonable necessary expenses you incur to rekey locks on exterior doors of the dwelling located at the residence premises, provided the keys to such locks are a part of a theft loss covered by this policy. No deductible applies to this coverage.

l. Power Interruption

We cover accidental direct physical loss caused directly or indirectly by a change of

temperature which results from a power interruption that takes place at the **residence premises**. The power interruption must be caused by a peril we insure against occurring at the **residence premises**. This is not an additional amount of insurance.

m. Refrigerated Products

We will pay for damage to the contents of a freezer or refrigerator located at the **residence premises** provided the damage is the direct result of a power failure away from the **residence premises**, or an electrical or mechanical failure of the refrigeration system. Power, electrical or mechanical failure does not include:

- (1) removing of a plug from an electrical outlet; nor
- (2) turning off of an electrical switch unless caused by a peril we insure against.

If any **insured** is aware of the power, electrical or mechanical failure, all reasonable action to protect the covered property from further damage must be taken or this coverage shall be void.

The most we will pay in any one loss is \$250 regardless of the number of freezers or refrigerators involved in the loss. This is not an additional amount of insurance.

n. Arson Reward

We will pay for information which leads to a conviction for arson in connection with a fire loss to covered property insured by this policy. The most we will pay is \$1,000 regardless of the number of persons who provide information. This payment shall be in addition to the amount of insurance applying to the covered property. No deductible applies to this coverage.

o. Heating Fuel Damage

We will pay for loss to covered property at the **residence premises** caused by or resulting from:

- (1) accidental discharge or overflow of heating fuel from **your** heating system, including **your** heating fuel storage tank;
- (2) delivery of heating fuel into a wrong receptacle at the **residence premises**; or
- (3) delivery of one fuel for another at the **residence premises**.

This is not an additional amount of insurance.

5. DEDUCTIBLE

If a deductible is shown in the Declarations, no loss shall be paid until the amount of loss exceeds the deductible. The deductible shall apply to all coverages unless stated otherwise.

If this policy includes endorsements which contain separate deductibles, that deductible shall apply to loss covered by that endorsement. However, if damage resulting from the same loss is covered by this policy and an attached endorsement, only one deductible shall apply. We shall apply the largest applicable deductible to the entire loss.

6. CONDITIONS

a. INSURABLE INTEREST

Subject to the applicable limit of insurance, we will not pay more than the insurable interest the **insured** has in the covered property at the time of loss.

b. HOW LOSSES ARE SETTLED

Loss to covered property will be settled as follows:

- (1) If the damaged covered property is:
 - (a) personal property insured under Coverage C - Personal Property;
 - (b) structures that are not buildings;

(c) antennas, carpeting, awnings, domestic appliances and outdoor equipment, whether or not attached to buildings; or

(d) structures covered under the provisions of Coverage B - Other Structures, subparagraph (1)(b);

we will pay the actual cash value of the property at the time of loss. Actual cash value includes a deduction for depreciation. In no event will we pay more than the smallest of either:

(a) the limit of insurance applying to the damaged covered property; or

(b) the cost to repair or replace the damaged covered property with property of like kind and quality.

(2) If the damaged covered property is insured under Coverage A - Dwelling or Coverage B - Other Structures and not included in (1) above, we will pay as follows:

(a) If at the time of loss, the limit of insurance applying to the damaged covered property is 80% or more of the full replacement cost of that covered property, we will pay the full cost to repair or replace the damaged part of such covered property. No deduction will be made for depreciation. In no event shall we pay more than the smallest of:

1) the limit of insurance applying to the damaged covered property;

2) the cost to replace the damaged covered property with equivalent construction for equivalent use at the residence premises; or

3) the amount actually spent to repair or replace the damaged covered property.

(b) If at the time of loss, the limit of insurance applying to the damaged covered property is less than 80% of the full replacement cost of that covered property, we will pay the greater of either:

1) the actual cash value of the damaged covered property; or

2) the cost to repair or replace the covered property, less the deductible amount, multiplied by the ratio of the limit of insurance applying to the damaged covered property to 80% of its full replacement cost. No deduction will be made for depreciation.

In no event shall we pay more than the smallest of:

1) the limit of insurance applying to the damaged covered property;

2) the cost to replace the damaged covered property with equivalent construction for equivalent use at the residence premises; or

3) the amount actually spent to repair or replace the damaged covered property.

If you do not repair or replace the damaged covered property, we shall pay the actual cash value of the property at the time of loss. Actual cash value includes a deduction for depreciation.

Full replacement cost does not include the cost of excavations, underground pipes, wiring and drains, foundations or other supports below the surface of the lowest basement floor. If there is no basement,

it does not include the cost of those supports below the surface of the ground and inside the foundation walls.

- (3) If the full cost to repair or replace the damaged covered property is more than \$1000 or more than 5% of the limit of insurance applying to such covered property, we will not pay more than the actual cash value until actual repair or replacement is completed.
- (4) You may disregard the provisions of b.(2) above and make an actual cash value claim for loss or damage to property covered under Coverage A - Dwelling and Coverage B - Other Structures. If you do, you may within 180 days after the loss make a further claim under the provisions of b.(2) above.
- (5) We may make a cash settlement and take all or part of the damaged covered property at its appraised or agreed on value, or repair or replace the damaged property with property of like kind and quality. We must give you notice of our intention within 30 days after we receive your proof of loss.

c. APPRAISAL

If you and we fail to agree on the actual cash value or amount of loss covered by this policy, either party may make written demand for an appraisal. Each party will select an appraiser and notify the other of the appraiser's identity within 20 days after the demand is received. The appraisers will select a competent and impartial umpire. If the appraisers are unable to agree upon an umpire within 15 days, you or we can ask a judge of a court of record in the state where the residence premises is located to select an umpire.

The appraisers shall then appraise the loss, stating separately the actual cash value and loss to each item. If the appraisers submit a written report of an agreement to us, the

amount agreed upon shall be the actual cash value or amount of loss. If they cannot agree, they will submit their differences to the umpire. A written award by two will determine the actual cash value or amount of loss.

Each party will pay the appraiser it chooses, and equally pay the umpire and all other expenses of the appraisal.

d. ABANDONED PROPERTY

We are not obliged to accept abandoned property.

e. LOSS TO A PAIR OR SET

We may repair or replace any part of the pair or set to restore it to its value before the loss, or we may pay the difference between the actual cash value of the property before and after the loss.

f. OUR PAYMENT OF LOSS

We will adjust any loss with you, and pay you unless another payee is named in the policy. We will pay within 60 days after we receive your proof of loss and all other requested documents and the amount of loss is finally determined by an agreement between you and us, a court judgment or an appraisal award.

g. SUIT AGAINST US

We may not be sued unless there is full compliance with all the terms of this policy. Suit must be brought within one year after the loss or damage occurs.

h. NO BENEFIT TO BAILEE

This insurance will not, in any way, benefit any person or organization who may be caring for or handling property for a fee.

i. OTHER INSURANCE

If both this and other insurance apply to a loss, we will pay our share. Our share will be the

ratio of this insurance to the total amount of all insurance which applies.

j. ADJUSTED VALUE PROVISION

The limit of insurance applying to Coverage A - Dwelling will be adjusted at the end of each policy term by the percentage change in construction costs during the policy term in the area in which the residence premises is located.

Each Renewal Declaration will show the actual percentage used to compute the revised limits of insurance. The limit for Coverage A - Dwelling will be rounded to the nearest \$500 for an annual policy period, subject to a \$1,000 minimum. The limit of Coverage A - Dwelling will be rounded to the nearest \$250 for a six-month term, subject to a \$500 minimum.

k. MORTGAGE CLAUSE

This provision applies to only the mortgagee named in the Declarations. It does not affect **your** rights or duties under this policy.

The word mortgagee includes a trustee under a deed of trust and a contract seller under a land contract.

Loss covered by the policy, if any, shall be payable to the mortgagee, as their interest may appear, under all present or future mortgages upon the property described in the Declarations of this policy in which the mortgagee may have an interest. If more than one mortgagee is named in the Declarations, payment shall be made in order of precedence of the mortgages.

If we deny **your** claim, such denial will not apply to a valid claim of the mortgagee, provided the mortgagee:

- (1) notifies us of any change of ownership or occupancy or substantial change in exposure which has come to the knowledge of the mortgagee;
- (2) pays any premium due under this policy that **you** or the mortgagor has neglected to pay; and
- (3) submits to us, within 60 days after receiving notice from us of **your** failure to do so, a proof of loss signed and sworn to by the mortgagee.

Whenever we pay the mortgagee any sum for loss under this policy and deny payment to **you** for such loss:

- (1) to the extent of such payment, we are legally subrogated to all rights of the mortgagee under the terms of the mortgage on the covered property; or
- (2) at our option, we may pay to the mortgagee the whole principal due, with interest accrued, and shall then receive full assignment and transfer of the mortgage and of all collateral.

Subrogation shall not impair the right of the mortgagee to recover the full amount of the mortgagee's claim.

We may cancel or nonrenew this policy at any time as provided by its terms. We will notify the mortgagee at least 10 days prior to the effective date of the cancellation or nonrenewal. We may also cancel this agreement by providing 10 days notice to the mortgagee.

All policy terms and conditions apply to the mortgagee.

SECTION II - PERSONAL LIABILITY PROTECTION

1. COVERAGES

a. Coverage E - Personal Liability

(1) We will pay all sums any insured becomes legally obligated to pay as damages because of or arising out of **bodily injury or property damage** caused by an **occurrence** to which this coverage applies. However, with respect to any **aircraft, motor vehicle, recreational vehicle or watercraft**:

(a) we will pay damages because of or arising out of the ownership, maintenance, use, loading or unloading of only:

- 1) a **motor vehicle** stored on an **insured premises** which has been rendered inoperable by complete detachment of parts, or by mechanical breakdown;
- 2) **motor vehicles** not subject to registration by a state regulatory agency which are used primarily for servicing and maintaining an **insured premises**;
- 3) a conveyance designed primarily to provide mobility to the handicapped, provided it is not subject to registration by a state regulatory agency;
- 4) electrically powered vehicles designed for and used as toys;
- 5) a **watercraft**, camper, home or utility trailer when neither being towed by nor carried on a **motor vehicle**;
- 6) **recreational vehicles** owned by any **insured** while on an **insured premises**;

7) **recreational vehicles** that are motorized golf carts;

8) a **watercraft** owned by any **insured**:

- a) powered by inboard or inboard-outdrive motor power of 175 horsepower or less;
- b) powered by one or more outboard motors with:
 - i. total combined horsepower of 120 HP or less; and
 - ii. total combined horsepower not in excess of that specified by the **watercraft** manufacturer; and
- c) that is a sailboat less than 26 feet in length; and

9) a **model aircraft** neither designed nor used for transporting persons or cargo.

(b) we will pay damages because of or arising out of the maintenance, use, loading or unloading of only:

- 1) a **motor vehicle** which is not owned nor operated by nor rented to nor loaned to any **insured**;
- 2) a **recreational vehicle** which is not owned by any **insured**; and
- 3) a **watercraft** not owned by nor available for regular use by any **insured** provided use of the **watercraft** is with a reasonable belief of permission to do so.

- (2) We will pay all sums any insured becomes legally obligated to pay as damages because of or arising out of **personal injury** caused by an **incident** to which this coverage applies.

We will settle or defend, as we consider appropriate, any claim or suit for damages covered by this policy. We will do this at our expense, using attorneys of our choice. This agreement to settle or defend claims or suits ends when we have paid the limit of our liability.

b. Coverage F - Medical Payments to Others

A person who sustains **bodily injury** is entitled to this coverage when that person is:

- (1) on an **insured premises** with the permission of an **insured**; or
- (2) elsewhere, if the **bodily injury**:
 - (a) arises out of a condition on the **insured premises** or the adjoining ways;
 - (b) is caused by the activities of an **insured** or a **residence employee** in the course of employment by an **insured**;
 - (c) is caused by an animal owned by or in the care of an **insured**; or
 - (d) is sustained by a **residence employee** and arising out of and in the course of employment by an **insured**;
- (3) ~~injured because of the operation or use of an aircraft, motor vehicle, recreational vehicle or watercraft covered by Coverage E - Personal Liability of this policy.~~

We will pay the reasonable expenses incurred for necessary:

- (1) medical, surgical, X-ray and dental services;
- (2) prosthetic devices, eye glasses, hearing aids, drugs and medicines; and
- (3) ambulance, hospital, licensed nursing and funeral services.

These expenses must be incurred within three years from the date of the **occurrence** causing **bodily injury** covered by this policy. The **bodily injury** must be discovered, treated and reported to us within one year of the **occurrence**.

We may pay the injured person or the party that renders the medical services. Payment under this coverage is not an admission of liability by us or an **insured**.

2. EXCLUSIONS

- a. **Coverage E - Personal Liability and Coverage F - Medical Payments to Others** do not apply:
- (1) to **bodily injury, property damage or personal injury** arising out of any premises owned, rented or controlled by any **insured** which is not an **insured premises**. This exclusion does not apply to **bodily injury to a residence employee** arising out of and in the course of employment by any **insured** at such premises.
 - (2) to **bodily injury or personal injury** to a fellow employee of an **insured** sustained in the course of employment.
 - (3) to **bodily injury or personal injury** because of or arising out of corporal punishment administered by or at the direction of an **insured** if that **Insured** is a member of the faculty or teaching staff of any school or college.
 - (4) to **bodily injury or personal injury** because of or arising out of a communicable disease transmitted by any **insured**.

(5) to **bodily injury or property damage** because of or arising out of any **insured's** preparation for, practice or participation in any prearranged racing, speed or demolition contest involving any **aircraft, motor vehicle, recreational vehicle or watercraft**. This exclusion does not apply to a **watercraft** that is a sailboat less than 26 feet in length.

(6) to **bodily injury or property damage** because of or arising out of the ownership, maintenance, use, loading or unloading of any water jet propelled **watercraft** of any kind less than 16 feet in length;

(7) to **bodily injury or property damage** because of or arising out of the ownership, maintenance, use, loading or unloading of any **aircraft, motor vehicle, recreational vehicle or watercraft**. This exclusion does not apply:

(a) to **aircraft, motor vehicles, recreational vehicles or watercraft** described under 1. COVERAGES, a. Coverage E - Personal Liability, (1)(a)1)-(1)(a)9 and (1)(b)1)-(1)(b)3); or

(b) to **bodily injury** to any residence **employee** arising out of or in the course of employment by an **insured**.

(8) to parental liability for **bodily injury or property damage**, whether or not imposed by law, because of or arising out of actions of a child or minor for use of an **aircraft, motor vehicle, recreational vehicle or watercraft** if such use is excluded or otherwise limited by this policy.

(9) to **bodily injury or property damage** because of or arising out of:

(a) the entrustment to any person by any **insured**; nor

(b) the supervision of any person by any **insured**;

with regard to the ownership, maintenance, use, loading or unloading of an **aircraft, motor vehicle, recreational vehicle or watercraft**.

This exclusion does not apply:

(a) to **aircraft, recreational vehicles and watercraft** that are covered by Coverage E - Personal Liability; nor

(b) to **motor vehicles** that are covered by Coverage E - Personal Liability. This exception does not apply to **motor vehicles** that are not owned by any **insured**.

(10) to **bodily injury or property damage** because of or arising out of the rendering of or failure to render professional services of any kind.

(11) to **bodily injury or property damage** because of or arising out of a **business** owned or financially controlled by an **insured** or by a partnership or joint venture of which an **insured** is a partner or member. This exclusion does not apply to activities of an **insured** ordinarily incident to nonbusiness pursuits.

(12) to **bodily injury or property damage** reasonably expected or intended by the **insured**. This exclusion applies even if the **bodily injury or property damage** is of a different kind or degree, or is sustained by a different person or property, than that reasonably expected or intended.

(13) to **bodily injury or property damage** caused by war, including any undeclared war, civil war, insurrection, rebellion, revolution, warlike act by a military force or military personnel, destruction or seizure or use for a military purpose, and including any consequence of any of these.

b. Coverage E - Personal Liability does not apply:

- (1) to liability assumed under:
 - (a) any oral contract or agreement; or
 - (b) any contract or agreement:
 - 1) in connection with any **business** of an **insured**; nor
 - 2) entered into after the event causing the loss.
- (2) to liability for **your** share of any loss assessment charged against all members of an association, corporation or community of property owners. This exclusion does not apply to **ADDITIONAL COVERAGE d. Loss Assessment**.
- (3) to liability for any property stolen or converted by the **insured**.
- (4) to **bodily injury** or **property damage** when any **insured** is covered by or is required to be covered by a nuclear energy liability policy. This exclusion applies even if the limits of liability of that policy have been exhausted.
- (5) to **bodily injury** to any person if an **insured** has or is required to have a policy providing workers compensation, non-occupational disability or occupational disease benefits covering the **bodily injury**.
- (6) to **bodily injury** or **personal injury** to any **insured**.
- (7) to **personal injury**:
 - (a) in connection with any **business**, occupation, trade or profession; nor
 - (b) with respect to any publication or utterance made knowing it to be false.

(8) to **property damage** to property owned by any **insured**.

(9) to **property damage** to property occupied or used by any **insured** or rented to or in the care of any **insured**. This exclusion does not apply to **property damage** to such property caused by fire, smoke or explosion.

c. Coverage F - Medical Payments to Others does not apply:

- (1) to **bodily injury** to any person who is entitled to benefits which are provided or required to be provided under any:
 - (a) workers compensation law;
 - (b) nonoccupational disability law; nor
 - (c) occupational disease law.
- (2) to **bodily injury** from any:
 - (a) nuclear reaction;
 - (b) radiation;
 - (c) radioactive contamination; nor
 - (d) consequence of (2)(a)-(2)(c).
- (3) to **bodily injury** to any **insured** or any other person, except a **residence employee**, who regularly resides on any part of any **insured premises**. This exclusion does not apply to **bodily injury** because of the operation or use of a **recreational vehicle** that is a motorized golf cart.

3. ADDITIONAL COVERAGES

In addition to **our** limit of insurance, we will also pay the following:

a. Damage to Property of Others

- (1) We will pay for **property damage** caused by any **insured** to property owned by

others. **We** will pay no more than the full cost of repair or the replacement cost at the time of the loss. In no event shall **we** pay more than \$500 in any one occurrence.

(2) We will not pay for property damage:

- (a)** caused intentionally by any **insured** who has attained the age of 13.
- (b)** to property owned by any **insured** nor owned by or rented to any tenant of an **insured** or any resident of **your** household.
- (c)** to property to the extent it is covered by SECTION I - PROPERTY PROTECTION of this policy.
- (d)** arising out of:
 - 1)** any act or omission in connection with a premises (other than an **insured premises**) owned, rented or controlled by any **insured**;
 - 2)** a **business**;
 - 3)** ownership, maintenance or use of an **aircraft, motor vehicle** or **watercraft**; nor
 - 4)** theft or conversion of property by the **insured**.

b. Miscellaneous Expenses

- (1)** All costs **we** incur and all costs charged against any **insured** in the settlement of any claim or defense of any **suit**.
- (2)** Interest on damages owed by **you** because of a judgment in a **suit we** defend and accruing:
 - (a)** after the judgment, and until **we** pay, offer or deposit in court, the amount for which **we** are liable under this policy; or

- (b)** before the judgment, where owed by law, but only on that part of the judgment **we** pay.

- (3)** Premiums on bonds required in any **suit we** defend. **We** will not pay the premium for any portion of a bond for an amount that is greater than **our** limit of liability. **We** have no obligation to apply for or furnish these bonds.

- (4)** Loss of earnings up to \$100 a day, but not other income, when **we** ask **you** to help **us** investigate or defend any claim or **suit**.

- (5)** Any other reasonable expenses incurred at **our** request.

c. First Aid Expenses

Expenses for first aid to other persons at the time of the **occurrence**. **We** will pay only expenses which any **insured** incurs for treatment of **bodily injury** covered by this policy. **We** will not pay for first aid to any **insured**.

d. Loss Assessment

We will pay up to \$2,500 for **your** share of any loss assessment charged against **you** as an owner or tenant of the **residence premises** by an association or corporation of property owners if the assessment is made as a result of:

- (1)** an **occurrence** or **incident** covered by SECTION II - PERSONAL LIABILITY PROTECTION of this policy; or
- (2)** liability for an act of a director, trustee or officer in his or her capacity as such. The director, trustee or officer must:
 - (a)** be elected by the members of the association or corporation; and
 - (b)** serve without pay for performing his or her duties.

We will not pay for any loss assessments charged by a governmental body.

The most we will pay is \$2,500 regardless of the number of assessments, for loss arising out of an **occurrence, incident** or a covered act of a director, officer or trustee. An act involving more than one director, officer or trustee shall be considered a single act.

4. LIMIT OF INSURANCE

We will pay damages up to the limits stated in the Declarations as follows:

a. Coverage E - Personal Liability

- (1) We will pay damages for **bodily injury, property damage** and **personal injury** up to the limit stated in the Declarations under "Personal Liability." That limit is the amount of coverage and the most we will pay for all damages because of or arising out of:

(a) all **bodily injury** and all **property damage** in any one **occurrence**; and

(b) all **personal injury** in any one **incident**.

In no event shall we pay more than the limit of insurance for all damages because of or arising out of an **occurrence** and an **incident** which result from the same set of general circumstances.

- (2) The limit of insurance is not increased because of the number of:

(a) **insureds**;

(b) persons injured;

(c) claims made or **suits** brought; or

(d) **insured premises** shown in the Declarations or premiums charged.

b. Coverage F - Medical Payments to Others

- (1) We will pay medical expenses for **bodily injury** up to the limit stated in the Declarations under "Medical Payments." However, for **bodily injury** because of the operation or use of a **recreational vehicle** that is a motorized golf cart we will pay no more than \$500. That limit is the amount of coverage and the most we will pay for all medical expenses because of or arising out of **bodily injury** to any one person in any one **occurrence**.

- (2) The limit of insurance is not increased because of the number of:

(a) **insureds**;

(b) persons injured;

(c) claims made or **suits** brought; or

(d) **insured premises** shown in the Declarations or premiums charged.

5. CONDITIONS

a. SEVERABILITY

Except as to our limit of insurance, the coverage provided by SECTION II - PERSONAL LIABILITY PROTECTION applies separately to each **insured** against whom claim is made or suit is brought.

b. SUIT AGAINST US

We may not be sued unless there is full compliance with all the terms of this policy.

We may not be sued under Coverage E - Personal Liability until the obligation of any **insured** to pay is finally determined either by:

- (1) judgement against that person after actual trial; or

- (2) written agreement of that person, the claimant and us.

No one shall have any right to make us a party to a suit to determine the liability of any insured.

c. BANKRUPTCY

We are not relieved of any obligation under this policy because of the bankruptcy or insolvency of any insured.

d. OTHER INSURANCE - PERSONAL LIABILITY COVERAGE

This insurance is excess over any other valid and collectible insurance. However, if the other insurance is specifically written as excess insurance over this policy, the limits of this policy apply first.

WHAT TO DO IN CASE OF LOSS

1. PROPERTY

If a covered loss occurs, the insured must:

- a. give us or our agency immediate notice. In case of theft also notify the police and provide them with a complete inventory of stolen or damaged property. In case of loss under Credit Card, Charge Plate, Fund Transfer Card and Check Forgery Coverage, also notify the issuer of the card or plate or the bank.
- b. protect the property from further damage or loss; make necessary and reasonable temporary repairs; and keep records of the cost.
- c. make an inventory of all damaged and destroyed property; show in detail quantities, costs, actual cash value and amount of loss claimed; attach to the inventory all available bills, receipts and related documents that substantiate the figures in the inventory.
- d. send to us, within 60 days after the loss, a proof of loss signed and sworn to by the insured, including:
 - (1) the time and cause of loss;
 - (2) the interest of insureds and all others in the property;
 - (3) actual cash value and amount of loss to the property;
 - (4) all encumbrances on the property;
 - (5) other policies covering the loss;
 - (6) changes in the title, use, occupancy or possession of the property;
 - (7) if required, any plans and specifications of any damaged building or fixtures; and
 - (8) the inventory of all damaged or stolen property required by 1.c. above.
- e. exhibit the damaged property to us or our representative as often as may be reasonably required.
- f. submit to statements and examinations under oath while not in the presence of any other insured, and sign the transcripts of the statements and examinations.
- g. provide us with records and documents we require and permit us to make copies.
- h. produce receipts for any increased costs to maintain your standard of living while you reside elsewhere and records pertaining to any loss of rental income.
- i. provide evidence or affidavit(s) supporting a claim under the Credit Card, Bank Fund Transfer Card, Forgery and Counterfeit Money coverage, stating the amount and cause of loss.
- j. make available residence employees, members of your household or others for exami-

nation under oath to the extent it is within **your** power to do so.

shall also exhibit the damaged property if within **your** control.

2. PERSONAL LIABILITY PROTECTION

In the event of **bodily injury, property damage or personal injury**, the **insured** must:

- a. notify **us** or **our** agency as soon as possible. The notice must give:
 - (1) **your** name and policy number;
 - (2) the time, place and circumstances of the **occurrence or incident**; and
 - (3) the names and addresses of injured persons and witnesses;
- b. promptly send **us** any legal papers received relating to any claim or suit;
- c. cooperate with **us** and assist **us** in any matter relating to a claim or suit; and
- d. if a loss covered under Damage to Property of Others occurs, send **us** sworn proof of loss, within 60 days of the **occurrence**. **You**

An **insured** will not, except at his or her own cost, voluntarily make any payment, assume any obligation or incur any expenses at the time of the **occurrence or incident**. Expenses covered by **ADDITIONAL COVERAGE**, c. First Aid Expenses may be incurred by an **insured**.

3. MEDICAL PAYMENTS

When a claim under the Medical Payments To Others coverage is involved, the injured person or someone acting on behalf of the injured person must:

- a. give **us**, as soon as possible, written proof of claim under oath if required;
- b. submit to physical examinations at **our** expense by doctors **we** select, as often as **we** may reasonably require; and
- c. authorize **us** to obtain medical and other records.

GENERAL POLICY CONDITIONS

1. ASSIGNMENTS

Interest in this policy may not be transferred without **our** written consent. If **you** die, the policy will cover:

- a. any surviving member of **your** household who was covered under this policy at the time of **your** death, but only while a resident of the **insured premises**;
- b. **your** legal representative while acting in that capacity; and
- c. any person having proper custody of covered property until a legal representative is appointed.

- a. intentionally concealed or misrepresented any material fact or circumstance;
 - b. engaged in fraudulent conduct; or
 - c. made false statements;
- relating to this insurance.

2. CONCEALMENT OR FRAUD

This entire policy is void if, whether before, during or after a loss, any **insured** has:

3. CHANGES

This policy and the Declarations include all the agreements between **you** and **us** or **our** agency relating to this insurance. No change or waiver may be effected in this policy except by endorsement issued by **us**. If a premium adjustment is necessary, **we** will make the adjustment as of the effective date of the change.

We may adjust **your** premium during the policy term because of changes in the factors that were used to determine such premium. These factors include but are not limited to coverages, limits of liability and deductibles, the construction, protection class and protection devices of **your** dwelling.

Premium adjustments will be made at the time of such changes or when we become aware of the changes, if later.

If we make a change which broadens coverage under this policy without additional premium charge, that change will apply to **your** insurance as of the date we implement the change in **your** state.

4. INSPECTIONS

We may, but are not required to, inspect **your** property and operations. Our inspection or resulting advice or report does not warrant that **your** property or operations are safe or healthful or comply with any laws, rules or regulations.

5. OUR RIGHT TO RECOVER PAYMENT

After making payment under this policy, we will have the right to recover to the extent of our payment from anyone held responsible. This right will not apply under SECTION I - PROPERTY PROTECTION if **you** have waived it in writing prior to loss.

You will do whatever is required to transfer this right to **us**.

This condition does not apply under SECTION II - PERSONAL LIABILITY PROTECTION to Medical Payments to Others or Damage to Property of Others.

6. RECOVERIES

This condition applies if we pay for a loss and then lost or damaged property is recovered, or payment is made by those responsible for the loss.

- a. The **insured** must inform **us** or we must inform that **insured** if either recover property or receives payment.
- b. Proper costs incurred by either party are paid first.
- c. The **insured** may keep the property. If so, the amount of the claim paid or a lesser amount to which we agree, must be returned to **us**.
- d. If the claim paid is less than the agreed loss because of a deductible or other limiting terms, the recovery is prorated between the **insured** and **us** based on the interest of each in the loss.

AMENDMENT OF EXCLUSIONS

Homeowners Policy Form 3 and Form 6

It is agreed:

Under **SECTION I - PROPERTY PROTECTION, 3. EXCLUSIONS**, paragraph a.(3) is deleted and replaced by the following.

(3) Water damage meaning:

- (a)** regardless of the cause, flood, surface water, waves, tidal water, storm surge or overflow of a body of water. We do not cover spray from any of these, whether or not driven by the wind;
- (b)** water or sewage from outside the plumbing system that enters through sewers or drains;
- (c)** water which enters into and overflows from within a sump pump, sump pump well or any other system designed to remove subsurface water which is drained from the foundation area; or
- (d)** water below the surface of the ground. This includes water which exerts pressure on or flows, seeps or leaks through any part of a building, sidewalk, driveway, swimming pool or other structure.

This exclusion does not apply to ensuing direct loss to covered property caused by theft, fire or explosion.

All other policy terms and conditions apply.

AMENDMENT OF DEDUCTIBLE

Homeowners Policy

It is agreed:

Under **SECTION I - PROPERTY PROTECTION, 5. DEDUCTIBLE** is deleted and replaced by the following:

5. DEDUCTIBLE

If a deductible is shown in the Declarations, no loss shall be paid until the amount of loss exceeds the deductible. The deductible shall apply to all coverages unless stated otherwise. If this policy applies to two or more locations, the applicable deductible shown in the Declarations shall apply separately to each location.

If this policy includes endorsements which contain separate deductibles, that deductible shall apply to loss covered by that endorsement. However, if damage resulting from the same loss is covered by this policy and an attached endorsement, only one deductible shall apply. We shall apply the largest applicable deductible to the entire loss.

All other policy terms and conditions apply.

NOTICE OF PRIVACY PRACTICES

What We Do To Protect Your Privacy

At Auto-Owners Insurance Group*, we value your business and we want to retain your trust. In the course of providing products and services, we may obtain nonpublic personal information about you. Recently enacted laws prohibit unauthorized disclosure of nonpublic personal information. We assure you that such information is used only for the purpose of providing our products and services to you.

Information We Obtain

To assist in underwriting and servicing your policy, we may obtain nonpublic personal information about you. For example, we routinely obtain information through applications, forms related to our products or services, and your transactions with us. We may obtain such information from our affiliates, third parties or consumer reporting agencies. The information may include your name, address, telephone number and payment, credit and claim information. In addition, for life, health and annuity products, we may obtain your medical history with your permission. The nature and extent of the information we obtain varies based on the nature of the products and services you receive.

Limited Disclosure

Auto-Owners Insurance Group companies do not disclose any nonpublic personal information about their customers or former customers except as permitted by law.

Protecting Confidentiality

Our agents and Company associates may have access to nonpublic personal information only for the purpose of providing our products or services to you. We maintain physical, electronic and procedural safeguards against unauthorized use of your nonpublic personal information.

*Auto-Owners Insurance Group includes, Auto-Owners Insurance Company, Auto-Owners Life Insurance Company, Home-Owners Insurance Company, Owners Insurance Company, Property-Owners Insurance Company and Southern-Owners Insurance Company.